

TITLE 4. CALIFORNIA GAMBLING CONTROL COMMISSION

NOTICE OF PROPOSED RULEMAKING

Accounting and Financial Reporting (Cardrooms)

The California Gambling Control Commission (“Commission”) proposes to adopt the regulations described below after considering all comments, objections, or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION: The Commission proposes to adopt Sections 12400, 12401, 12402, 12403, 12404, 12405, and 12406 of Title 4 of the California Code of Regulations, concerning accounting and financial reporting requirements applying to cardrooms regulated under the Gambling Control Act.

PUBLIC HEARING

The Commission will hold a public hearing starting at 11:00 a.m. on Wednesday, September 10, 2003, at 2399 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833-4231. The room is wheelchair accessible. At the hearing, any person may present statements or arguments orally or in writing relevant to the proposed action described in the Informative Digest.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Commission at any time during the 45-day public comment period. To be considered for summary and response, all written comments must be received no later than 5:00 p.m., Wednesday, September 10, 2003 (the day of the public hearing).

Written comments for the Commission’s consideration should be directed to:

Herb Bolz, Senior Legal Counsel and Regulations Coordinator, California Gambling Control Commission, 2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833-4231; Telephone: 916-263-0490, E-mail:
hbolz@cgcc.ca.gov, FAX 916-263-0452.

AUTHORITY AND REFERENCE

Authority for the proposed regulations is provided by various provisions of the Gambling Control Act, which may be found in Business and Professions (“B & P”) Code sections 19800--19980. In particular, B &P Code sections 19811, 19824, 19840, and 19841.

The reference citations are as follows: the proposed regulations implement, interpret, or make specific B & P Code section 19841.

INFORMATIVE DIGEST AND POLICY STATEMENT OVERVIEW

The Gambling Control Act authorizes and mandates the Commission to regulate the operation of cardrooms. The Act requires the Commission to adopt regulations concerning maintenance of accounting records, reports of transactions, procedures for licensees to exercise effective control over their internal fiscal affairs, and preparation of reports to the Division of Gambling Control in the California Department of Justice.

As currently drafted, the proposed regulations provide definitions, require certain accounting records, contain requirements concerning the chart of accounts, require preparation of standardized financial statements, require records and reports of certain currency transactions, specify how long records must be retained, and specify the language in which records must be made and maintained.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: These regulations do not impose a mandate on local agencies or school districts.

Cost or savings to any state agency: None

Cost to any local agency or school district that must be reimbursed in accordance with Government Code section 17561: None

Other non-discretionary cost or savings imposed upon local agencies: None

Cost or savings in federal funding to the state: None

Cost impact on representative private person or business: Licensees that currently maintain complete accounting records and file required transaction reports would likely not experience significantly increased costs.

Concerning other licensees, as required by Government Code section 11346.5(a)(9), the Commission states that it “is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.” Such costs as may be incurred are likely traceable in general to the statutory mandate (B & P Code section 19841), rather than to the provisions of the proposed action.

Impact on Business: The Commission has made an initial determination that the proposed regulatory changes will not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

Significant effect on housing costs: The Commission has made an initial determination that the proposed regulatory action would not affect housing costs.

Effect on small business: The Commission has made an initial determination that the effect these regulations will have on small business will be minor.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5(a)(13), the Commission must determine that no reasonable alternative considered by the Commission or that has otherwise been identified and brought to the attention of the Commission would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action. The Commission encourages interested parties to recommend alternatives, if any are available, that would carry out the statutory mandate in more effective or less burdensome ways.

ASSESSMENT REGARDING CREATION OR ELIMINATION OF JOBS IN CALIFORNIA

The Commission has made an assessment and determined that the adoption of the proposed regulation will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action should be directed to:

Herb Bolz, Senior Legal Counsel and Regulations Coordinator, California Gambling Control Commission, 2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833-4231; Telephone: 916-263-0490, E-mail:
hbolz@cgcc.ca.gov, FAX 916-263-0452.

Requests for a copy of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, or other technical information upon which the rulemaking is based should be directed to:

Herb Bolz, Senior Legal Counsel and Regulations Coordinator, California Gambling Control Commission, 2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833-4231; Telephone: 916-263-0490, E-mail:
hbolz@cgcc.ca.gov, FAX 916-263-0452.

Or:

Susie Hernandez, Regulations Analyst, Telephone: (916) 274-0688, FAX number: (916) 263-0499, e-mail shernandez@cgcc.ca.gov.

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Regulations Coordinator will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at the office at the above address. As of the date this notice is published in the Notice

Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the Initial Statement of Reasons. A copy may be obtained by contacting the Regulations Coordinator at the address or telephone number listed above or accessing the Commission's website at <http://www.cgcc.ca.gov>. Upon its completion, the Final Statement of Reasons will be available and copies may be requested from the Regulations Coordinator or viewed on the website.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

Following the public hearing, the Commission may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text, with changes clearly indicated, will be made available to the public for at least 15 days prior to the date on which the Commission adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of the Regulations Coordinator at the address indicated above. The Commission will accept written comments on the modified regulation for 15 days after the date on which it is made available.